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FISCAL IMPACT STATEMENT

LS 6631

BILL NUMBER: HB 1580

NOTE PREPARED: Jan 7, 2013

BILL AMENDED:

SUBJECT: Property tax deductions and credits.

FIRST AUTHOR: Rep. Smaltz

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that certain assessed value deductions and the credit for excessive residential property taxes remain in effect following the death of the property owner until the earlier of: (1) the assessment date following the transfer of the real property to a person who does not apply for the deduction; or (2) December 31 of the second calendar year following the calendar year in which the owner died.

Effective Date: January 1, 2013 (retroactive).

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, if the status of an individual changes, the county auditor is notified so the appropriate action can be taken to remove the applicable deductions from the property of the individual. For example, if an individual passed away in 2013 after the assessment date (March 1), the deductions and all applicable credits (e.g. circuit breaker credits) would still be awarded for taxes payable in 2014. However, they would not apply for taxes payable in 2015. In this case, the deductions would expire the year after the individual dies.

This bill would, in certain circumstances, apply the deductions and credits an additional year than under current law. For example, if the individual passed away and the property was not transferred to another owner, the bill would extend the deductions and credits to two years after the individual dies rather than just one. For the

additional year in question, the county would have to forgo the revenue lost because of the deductions.

In general, a deduction leads to a reduction in the property tax base, an increase in the tax rate, and a tax shift of part of the property tax burden to other taxpayers. In some cases, circuit breaker credits may increase because of the increased tax rate, thereby decreasing total revenues.

State Agencies Affected:

Local Agencies Affected: Local Taxing Units.

Information Sources:

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